

FISCAL NOTE

SB 2282 - HB 2672

March 8, 2002

SUMMARY OF BILL: Specifies that the portion of the local tax rate that goes to education shall continue to be collected on property which is otherwise subject to abatement, reduction, or remission of property tax if such property would otherwise be subject to taxation except that an incentive or agreement to reduce taxes was offered to a private person, corporation or other entity by an industrial development authority, housing authority, or other similar public entity.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Expenditures* - Exceeds \$100,000

Increase Local Govt. Revenues - Exceeds \$48,000,000

Estimate assumes:

- provisions affect agreements for payments in lieu of taxes and taxes paid under such agreements are nominal.
- an increase in local government expenditures for the costs of listing and valuing property not currently on the tax assessment roll. This increase is estimated to exceed \$100,000 statewide.
- an increase in local government revenues from property taxes collected from entities currently making payments in lieu of taxes.
- property with an estimated \$3,250,000,000 in assessed value currently under payment in lieu of tax agreements.
- an average \$3.00 per hundred tax rate.
- approximately 50% of property tax revenues fund education.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive style with a large, stylized initial "J".

James A. Davenport, Executive Director